

Message Text

CONFIDENTIAL

PAGE 01 CAIRO 09956 041416Z

47

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
----- 126882

P 041454Z OCT 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC PRIORITY 6997

C O N F I D E N T I A L CAIRO 9956

EXDIS

AIDAC

E.O. 11652: NA

SUBJECT: FY 1976 CONGRESSIONAL PRESENTATION (CP)

REF: A. STATE 229892

B. CAIRO 9330,

C. CAIRO 7304

1. IN SPITE OF CONTEMPLATED INCREASE IN FY 1976 FUNDING REQUEST, WE ARE STILL AIMING FOR A CIP LEVEL OF \$250 MILLION FOR FOUR-QUARTER PERIOD FOR REASONS CITED PARA 1 REF (B). AT THE SAME TIME, WE BELIEVE NON-CIP PORTION OF PROPOSED PROGRAM SHOULD HAVE MAXIMUM IMPACT ON B/P OVER RELATIVELY SHORT TIME PERIOD IN LIGHT OF EGYPT'S SEVERE LIQUIDITY PROBLEM. KEEPING IN MIND THESE TWO CONSIDERATIONS, WE PROPOSE TO ATTRIBUTE BALANCE OF \$350 MILLION CITED PARA 4C REF (A) AS FOLLOWS:

A. \$250 MILLION CIP.

B. \$10 MILLION INCREASE IN ALLOCATION FOR CARGO HANDLING EQUIPMENT, PORT OF ALEXANDRIA, TO \$25 MILLION. IN SEPTEMBER 30 MEETING, AIYER (IBRD) INDICATED THAT REPORT OF PORT OF ALEXANDRIA SURVEY TEAM WAS NEARING COMPLETION AND THAT ESTIMATED REQUIREMENTS FAR EXCEEDED RESOURCES ALLOCATED BY BANK FOR THIS PURPOSE. AIYER DID NOT HAVE SURVEY REPORT BUT INDICATED COPY COULD BE OBTAINED BY AID/W. SUGGEST YOU REVIEW IBRD TEAM STUDY FOR DEXRIPTION OF SPECIFIC ITEMS AID MIGHT

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 09956 041416Z

FINANCE.

C. \$25 MILLION LOAN TO BANK OF ALEXANDRIA (OR NEW INDUSTRIAL DEVELOPMENT BANK). IN MEETING CITED ABOVE, AIYER INDICATED THAT EVEN AFTER NEW IBRD LOAN BOA WILL STILL HAVE A \$100 MILLION BACKLOG IN LOAN APPLICATIONS. PROBLEMS PREVIOUSLY ENVISAGED IN SETTING ACCEPTABLE LENDING RATE FOR SECOND IBRD LOAN SEEM TO HAVE BEEN RESOLVED. FOR FIRST TIME, WE HAVE RECEIVED EXPRESSION OF INTEREST BY MINECONCOOP IN UTILIZING AID FUNDS FOR FURTHER CAPITALIZATION BANK WITH STATEMENT THAT PLANS FOR NEW INDUSTRIAL BANK HAVE BEEN SHELVED. EVEN THOUGH NEW BANK EXISTS ON PAPER, WE ARE TOLD THERE IS NO INTENT TO APPOINT OFFICERS AND STAFF OR TO PUT BANK INTO OPERATION. WHILE WE HAVE NOT SEEN LATEST IBRD EVALUATION, WE WOULD PREFER ASSISTING WITH CAPITALIZATION OF BANK TO INCREASED CIP.

D. \$40 MILLION INCREASE IN ALLOCATION FOR GAS TURBINE GENERATORS TO NEW TOTAL OF \$60 MILLION (9 ADDITIONAL UNITS FOR TALKHA AREA FOR A NEW TOTAL OF 15 UNITS AND 300 MEGAWATTS). FY 1976 FUNDING OF TALKHA GENERATORS IS CONSISTENT WITH IMPLEMENTATION SCHEDULE FOR ADDITIONAL GENERATING UNITS CONTAINED IN APRIL 1975 GEEC REPORT ON ELECTRICAL NETWORK DEVELOPMENT. THIS SCHEDULE HAS BEEN REVIEWED BY SANDERSON & PORTER TEAM AND FOUND TO BE REASONABLE IN RELATION TO PROJECTED ELECTRICAL DEMAND.

E. \$25 MILLION INCREASE IN SUEZ RECONSTRUCTION ACTIVITIES THROUGH THE ESTABLISHMENT OF A \$75 MILLION RECONSTRUCTION AND DEVELOPMENT FUND. WE SUGGEST FOR INCLUSION IN CP IN SUPPORT OF PROPOSED FUND AN ILLUSTRATIVE LIST OF ACTIVITIES WELL IN EXCESS OF \$75 MILLION, FROM WHICH FINAL SELECTION COULD BE MADE AS MORE INFORMATION BECOMES AVAILABLE. AS STARTING POINT, WE ALREADY HAVE FROM MINISTRY OF RECONSTRUCTION A PROPOSED LIST OF ACTIVITIES WHICH INCLUDES HOUSING CONSTRUCTION (REINFORCING BARS, TIMBER, ETC.), \$40 MILLION; CONSTRUCTION EQUIPMENT, \$20 MILLION; PORT SAID AND SUEZ CARGO HANDLING EQUIPMENT, \$20 MILLION (INCLUDED IN REF (A)); WATER AND SEWAGE, \$10 MILLION (PART OF \$30 MILLION CITED REF (A) OF WHICH BALANCE OF \$20 MILLION IS OUTSIDE SUEZ AREA AND HAS BEEN DROPPED FROM CONSIDERATION IN FY 1976); AND ELECTRICAL DISTRIBUTION EQUIPMENT, \$15 MILLION. IN ADDITION, PROPOSED FUND COULD BE USED TO MEET ADDITIONAL FUNDING REQUIREMENT FOR ELECTRICAL DISTRIBUTION AND ROAD-BUILDING

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 CAIRO 09956 041416Z

EQUIPMENT FUNDED IN FY 1975.

2. IN VIEW MAGNITUDE OF CONTEMPLATED INCREASE IN FY 1976 FUNDING REQUEST, WE STRONGLY URGE ACCEPTANCE OF REGIONAL RECONSTRUCTION AND DEVELOPMENT FUND CONCEPT ALREADY PROPOSED IN FY 1977 PROGRAM SUBMISSION. IN ADDITION TO ADVANTAGES PREVIOUSLY CITED IN PARA 10 A OF REF (C), FUND CONCEPT WOULD ALLOW FLEXIBILITY IN CHANGING ALLOCATIONS FOR SPECIFIC ACTIVITIES AS COST ESTIMATES ARE

REVISED AND WOULD PRECLUDE NECESSITY OF CONGRESSIONAL NOTIFICATION WHEN SPECIFIC ITEMS WERE ABOVE OR BELOW ILLUSTRATIVE FIGURE. FURTHERMORE, PRESENTATION OF ILLUSTRATIVE LIST OF ACTIVITIES TOTALING MORE THAN FUND AMOUNT WOULD ALLOW DEFERRAL OF ACTIVITIES REQUIRING FURTHER STUDY AND SUBSTITUTION OF ACTIVITIES WE FEEL ARE READY FOR IMPLEMENTATION. FUND CONCEPT ALSO WOULD ALLOW FINANCING OF COMMODITIES NORMALLY FINANCED UNDER CIP (E.G. CONSTRUCTION MATERIALS) WITHOUT RAISING CIP TO HIGH LEVEL WHICH WE WOULD FIND IT DIFFICULT TO REDUCE IN FUTURE YEARS.
EILTS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, US CONGRESSIONAL PRESENTATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 OCT 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CAIRO09956
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750345-0660
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751082/aaaacvfo.tel
Line Count: 125
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 75 STATE 229892
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUL 2003 by ElyME>; APPROVED <21 NOV 2003 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FY 1976 CONGRESSIONAL PRESENTATION (CP)
TAGS: EAID, EG
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006